

October 6, 1997

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director
Acquisition Services Branch

SUBJECT: Policy Memorandum 97-014 – FDIC Procurement
Credit Card Program

1. Purpose. The purpose of this Policy Memorandum is to modify the Acquisition Policy Manual (APM) to establish periodic reviews of credit card purchase receipts and to allow the payment of sales tax for FDIC credit card (Bankcard) purchases under certain conditions.

2. References. APM 9.E., *FDIC Procurement Credit Card Program*.

3. Scope. This Policy Memorandum is applicable to all FDIC employees who are Bankcard holders, Approving Officials (AOs), and Accounting Contacts under the Bankcard Program.

4. Background. APM 9.E establishes the policies and procedures for the Bankcard program. Two changes are necessary to implement operational improvements. First, the AO's responsibilities (APM 9.E.4.b.) need to be expanded to include routine periodic reviews of purchase receipts in conjunction with the monthly statement review. This will assist the AO in detecting split purchases that circumvent the single purchase limitation. Second, the procedures for bankcard use need to be modified to allow the payment of state and local sales tax when time is of the essence in making the purchase and the merchant refuses to grant the tax exemption.

5. APM Changes. In accordance with the foregoing, the APM is revised as follows:

a. APM 9.E.4.b. (1) is deleted in its entirety and restated as follows (new language appears in bold):

“Approving Officials. Approving Officials (AOs) represent a division/office and are responsible for reviewing and approving all charges incurred by their cardholders; **periodically reviewing purchase receipts in conjunction with the approval of the monthly statements;** verifying proper documentation; assisting with the resolution of disputed items, when necessary; and ensuring compliance with the FDIC billing office's requirements for statement verification and

approval. Internal procedures should be developed and implemented to ensure that **purchase receipts are reviewed periodically with the monthly statements to ensure that purchases are not being split to circumvent the single purchase limit** and that the combined charges of their respective cardholders do not exceed established monthly procurement limits. In the event that a cardholder resigns, is reassigned, or terminated, the AO shall notify the APC, or his/her designee, immediately. All AOs will be subject to the specific limitations set forth in the applicable Corporate Redelegations of Expenditure Authority (Form FDIC 1151/01).”

b. APM 9.E.7.a (1) is deleted in its entirety and restated as follows (new language appears in bold):

“Avoiding Tax Charges. Cardholders must avoid being charged sales tax with their vendor and should inform the merchant of FDIC’s exemption from all local sales taxes, prior to the completion of the sale. **As a general rule,** in the instance that the merchant does not accept the cardholder’s instruction to waive the sales tax, the cardholder should **make every attempt to** procure the goods or services from another merchant **who will not charge the tax. However, if time is of the essence in making the purchase and/or there are no other merchants readily available, the cardholder is authorized to proceed with the purchase and paying sales tax is allowable. The circumstances for paying sales tax must be documented by the cardholder and kept with the purchase receipts.”**

6. Effective Date. This Policy Memorandum is effective immediately.
7. Contacts. If you have any questions, please contact Dave McDermott on (202) 942-3434.

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